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14 UNITED STATES DISTRICT COURT

15 NORTHERN DISTRICT OF CALIFORNIA, SAN JOSE DIVISION

16 GSI TECHNOLOGY, INC., a Delaware  
17 Corporation,

18 Plaintiff and Counter-Defendant,

19 v.

20 UNITED MEMORIES, INC., a Colorado  
21 Corporation, and INTEGRATED  
SILICON SOLUTION, INC., a Delaware  
22 Corporation,

23 Defendants and Counter-Claimants.

CASE NO. Civ. Action No. 13-CV-1081-PSG

**OPPOSITION OF GSI TECHNOLOGY,  
INC. TO MOTION OF INTEGRATED  
SILICON SOLUTION INC. FOR  
SUMMARY JUDGMENT**

Complaint: Filed March 8, 2013

Courtroom: 5

Judge: Hon. Paul S. Grewal

Hearing Date: June 30, 2015

Hearing Time: 10:00 a.m.

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**MEMORANDUM OF POINTS AND AUTHORITIES**

**I. INTRODUCTION.**

ISSI seeks to dispose of GSI's case by portraying itself as an innocent purchaser, an "undisputed" victim of circumstance. This portrayal, although artful, is a work of fiction. Ample evidence exists demonstrating that ISSI, caught between its limitations and its ambitions, was a knowing and conscious actor. Because this case is anything but "undisputed," none of ISSI's four primary arguments warrant summary judgment.

First, ISSI seeks summary judgment as to its misappropriation of GSI's 576Mb and Atris bid trade secrets. ISSI argues that it was an unwitting and mistaken acquirer of these trade secrets, and that, even after ISSI concedes it had reason to know GSI's claims, ISSI's ongoing misappropriation is shielded from liability under a "safe harbor." ISSI also contends that its use of these trade secrets was not the cause of GSI's harm. The facts, however, show ISSI was anything but "unwitting," and demonstrate that, without GSI's trade secrets, ISSI had no hope of designing the Atris chip, let alone winning the bid.

Second, ISSI claims that GSI's claims under the "unlawful" prong of Section 17200 of California's Unfair Competition Law ("UCL") and tortious interference with prospective economic advantage ("TIPER") claims are pre-empted by the California Uniform Trade Secrets Act. But, ISSI's argument, lacking in factual support, fails because GSI's UCL and TIPER claims are based upon improper use of non-trade secret schematics.

Third, ISSI argues it is entitled to summary judgment on GSI's claim under the "unfair" prong of Section 17200 because GSI has no available remedies and no triable issues of fact. ISSI's argument, however, applies a disjointed analysis, which fails to consider the entirety of GSI's claims. Reading GSI's claims as a whole, there are – at a minimum – triable issues of fact as to GSI's claims, and available remedies exist.

Finally, ISSI contends GSI is estopped from pursuing its claims because GSI did not notify ISSI about its trade secret misappropriation in 2012. However, ISSI is not entitled to summary judgment on its defense because the facts show that ISSI knew of its misappropriation before GSI. On the other hand, GSI is entitled to summary judgment in its favor on this defense.

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1       **II. STATEMENT OF FACTS.**

2       **A. ISSI Learns GSI is Cisco's "Front runner" and Designing LLDARAM with  
3 UMI.**

4       In June 2008, ISSI was looking for ways to get its foot in the door at Cisco. During  
5 meetings with Cisco in June 2008, [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9       But, ISSI [REDACTED]  
10 [REDACTED]  
11 [REDACTED]  
12 [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]

19 \_\_\_\_\_  
20 <sup>1</sup> Dkt. 564, MSJ Ex. 23.  
21 <sup>2</sup> *Id.*  
22 <sup>3</sup> *Id.*

23 <sup>4</sup> See, e.g., *id.*, MSJ Ex. 24 ("[REDACTED]").  
24 <sup>5</sup> Declaration of Brooke Kim ("Kim Decl."), Ex. 1, P. Lasserre DT, at 429:24-430:11.  
25 <sup>6</sup> Dkt. 564, MSJ Ex. 26, at 0160846.  
7 In response to the Court's June 10 Order (Dkt. No. 600), ISSI agreed to produce Dr. Song as a  
Rule 30(b)(6) witness regarding ISSI knowledge of UMI's prior work for GSI (Topics 11 & 12).  
8 Dkt. 564, MSJ Ex. 26, at 0160846; MSJ Ex. 27, at 11 (identifying Dr. Song's executive  
position); MSJ Ex. 28, at ISSI\_0160838; MSJ Ex. 26, at ISSI\_0160845; MSJ Ex. 29, at  
ISSI\_0297420-22; MSJ Ex. 4; MSJ Ex. 30; Kim Decl., Ex. 2, Howarth DT, at 43:7-89:23.  
9 Dkt. 564, MSJ Ex. 26 at 0160845.  
10 *Id.*; see also *id.*, Ex. 2, Howarth DT, at 65:25-67:17, 70:4-11; Dkt. 564, MSJ Ex. 4.  
11 Dkt. 564, MSJ Ex. 4, at ISSI\_022846.  
12 *Id.* [REDACTED]

27       See Dkt. 564, MSJ Ex. 23, at ISSI\_0164389;  
28 MSJ Ex. 31, at ISSI\_0228571; MSJ Ex. 4; Kim Decl., Ex. 3, Bagchi DT, at 36:12-37:6; Ex. 4,  
Silva DT, at 25:4-6.

1 Mr. Gower told ISSI of its non-compete obligations, “[REDACTED]  
 2 [REDACTED]  
 3 [REDACTED]  
 4 [REDACTED]  
 5 [REDACTED] [REDACTED]  
 6 [REDACTED] [REDACTED]  
 7 [REDACTED]  
 8 [REDACTED] [REDACTED]  
 9 [REDACTED]  
 10 [REDACTED]  
 11 [REDACTED] 17

12 When Mr. Gower reported to Dr. Song that his team had developed a paper design for a  
 13 1.2 G RLDARAM for the “[REDACTED]”<sup>18</sup> ISSI already knew that Cisco had used two suppliers  
 14 to [REDACTED] at Cisco.<sup>19</sup>

15 **B. ISSI Learns About the Atris Opportunity in 2009.**

16 Just a few months after learning about GSI’s 576Mb chip and [REDACTED]

17 [REDACTED] 20 Stymied  
 18 by the “[REDACTED]”  
 19 [REDACTED] This was a lost cause. As ISSI’s CEO testified, [REDACTED]

20 \_\_\_\_\_  
 13 Dkt. 564, MSJ Ex. 4, at ISSI\_0228846.

14 *Id.*

15 ISSI suggests it could not have known about the non-compete between GSI and UMI because  
 22 the 576Mb Agreement contains a confidentiality provision which prevents UMI from disclosing  
 23 the agreement. (Mot. at 12:20-25, 13:10-11.) But, that provision was intended to prevent a press  
 release; not to prevent UMI from disclosing its inability to compete with GSI. [REDACTED]

24 [REDACTED] (Dkt. 564, MSJ Ex. 4, at  
 ISSI\_0228846.)

16 Kim Decl., Ex. 1, P. Lasserre DT, at 267:3-268:13; *see also* Ex. 5, UMI\_0012863-68 at 64  
 25 ([REDACTED]), Ex. 6, ISSI\_0512506-16 at §9(1), Ex. 7, ISSI\_0512651-65  
 at §10.6.

26 17 Kim Decl., Ex. 8, HARDEE000046-63 at 46.

18 Atris is referred to as both a 1.2G and a 1G RLDARAM. *See* Kim Decl., Ex. 9, ISSI\_0228495,  
 27 Ex. 10, ISSI\_00228557, Ex. 3, Bagchi DT, at 36:12-37:6.

19 Dkt. 564, Ex. 23, ISSI\_064388-90 at 89.

20 Kim Decl., Ex. 10, ISSI\_0228557.

1 [REDACTED]<sup>21</sup>

2 In 2010, [REDACTED]  
 3 [REDACTED]  
 4 [REDACTED]  
 5 [REDACTED]  
 6 [REDACTED]  
 7 [REDACTED]  
 8 [REDACTED]  
 9 [REDACTED]  
 10 [REDACTED]  
 11 [REDACTED] GSI's position as a leader in LLDRAM and UMI's prior work for GSI  
 12 remained very much on ISSI's mind.

13       **C. Atris Is Revived in 2011 and 2012.**

14       The opportunity to become the s [REDACTED]  
 15 [REDACTED]  
 16 [REDACTED]  
 17 [REDACTED]  
 18 [REDACTED]  
 19 With this in mind, [REDACTED]  
 20 [REDACTED]  
 21 [REDACTED]

22       <sup>21</sup> Kim Decl., Ex. 2, Howarth DT, at 91:14-92:12.

23       <sup>22</sup> Dkt. 564, MSJ Ex. 32.

24       <sup>23</sup> Dkt. 564, MSJ Ex. 33.

25       <sup>24</sup> Dkt. 564, MSJ Ex. 34, GSIVUMI-ISSI 3DP 000333-340, at 334, 337.

26       <sup>25</sup> *Id.; see also* Kim Decl., Ex. 11, 4/2/15 Kalakuntla DT, at 144:24-146:19 ([REDACTED])

27       <sup>26</sup> Dkt. 564, MSJ Ex. 36.

28       <sup>27</sup> Dkt. 564, MSJ Ex. 24.

29       <sup>28</sup> Kim Decl., Ex. 12, ISSI 0021482 at 90; [REDACTED] Ex. 13, ISSI 0021338 at 451; [REDACTED]

30       <sup>30</sup> Kim Decl., Ex. 2, Howarth DT, at 31:13-20; Ex. 11, 4/2/15 Kalakuntla DT, at 27:5-13; 48:13-19; Ex. 1, 4/21/15 P. Lasserre DT, at 441:21-443:1.

1 [REDACTED]  
 2 [REDACTED]  
 3 [REDACTED]  
 4 [REDACTED]  
 5 [REDACTED]  
 6 [REDACTED]  
 7 [REDACTED]  
 8 [REDACTED]

9 **D. To Resolve the “Major Issue,” ISSI Ensures an Unfair Advantage at Cisco.**

10 **1. The Disparagement Campaign.**

11 Concerned by the threat GSI posed, ISSI began a disparagement campaign in 2012.

12 [REDACTED]  
 13 [REDACTED]  
 14 [REDACTED]  
 15 [REDACTED]  
 16 [REDACTED]  
 17 [REDACTED]  
 18 [REDACTED]  
 19 [REDACTED]

20  
 21 <sup>30</sup> See, e.g., Dkt. 564, MSJ Ex. 24 (“[REDACTED”]).

22 Dkt. 564, MSJ Ex. 40; Kim Decl., Ex. 1, P. Lasserre DT, at 429:9-22; Ex. 2, Howarth DT, at 91:14-92:12.

23 <sup>32</sup> Kim Decl., Ex. 1, 4/21/15 P. Lasserre DT, at 429:9-22.

24 <sup>33</sup> Id.; Kim Decl., Ex. 11, 4/2/15 Kalakuntla DT, at 126:13-16; Dkt. 564, MSJ Exs. 40, 41.

25 <sup>34</sup> Kim Decl., Ex. 14, 3/25/15 Shu DT, at 279:15-280:1, 281:7-11; Ex. 15, Senechal DT, at 78:12-80:3; Ex. 1, P. Lasserre DT, at 96:15-97:16; Dkt. 82, PLE Ex. X; Dkt. 564, MSJ Ex. 42 (

26 [REDACTED] Dkt. 564, MSJ Ex. 43 (

27 Kim Decl., Ex. 4, Silva DT, at 14:16-19, Ex. 16, ISSI\_0165282-83, Ex. 17, ISSI\_0165450-56, Ex. 18, ISSI\_0165520-23.

28 <sup>36</sup> Id., Ex. 16, ISSI\_0165282-83; Ex. 17, ISSI\_0165450-56; Ex. 18, ISSI\_0165520-23.

<sup>37</sup> Kim Decl., Ex. 16, ISSI\_0165282-83. The article Ms. Silva forwards discusses GSI’s recent victories in the ITC proceeding, and optimism it would be resolved favorable. *Id.*

1 [REDACTED] [REDACTED]  
 2 [REDACTED] [REDACTED]  
 3 [REDACTED] [REDACTED]  
 4 [REDACTED] [REDACTED]  
 5 [REDACTED] [REDACTED]  
 6 [REDACTED] [REDACTED]  
 7 [REDACTED] [REDACTED]  
 8 [REDACTED] [REDACTED]  
 9 [REDACTED] [REDACTED]  
 10 [REDACTED] [REDACTED]  
 11 [REDACTED] [REDACTED]  
 12 [REDACTED] Similar  
 13 statements were made to GSI customers and investors from April to late 2012.<sup>43</sup>

14       **2. ISSI Enlists UMI's Help to Design Atris.**

15 [REDACTED]  
 16 [REDACTED]  
 17 [REDACTED]  
 18 [REDACTED]  
 19 [REDACTED] UMI, the little known, near bankrupt  
 20 design shop in Colorado Springs, not a Silicon Valley powerhouse. Even though it had never  
 21 directly worked with UMI, [REDACTED]  
 22 [REDACTED]<sup>47</sup>

23 \_\_\_\_\_  
 38 *Id.* at ISSI\_0165282.

39 *Id.* at ISSI\_0165282-83 (emphasis added).

40 *Id.*, Kim Decl., Ex. 17, ISSI\_0165450-56.

41 *Id.* at ISSI\_0165450.

42 *Id.*

43 Kim Decl., Ex. 19, GSI's Response to Interrogatory No. 10.

44 Kim Decl., Ex. 20, 6/12/13 Kalakuntla DT, at 89:17-21.

45 Dkt. 564, MSJ Exs. 40, 46, 47.

46 Kim Decl., Ex. 20, 6/12/13 Kalakuntla DT, at 103:21-23; Dkt. 82, PI Ex. AA.

47 Kim Decl., Ex. 11, 4/2/15 Kalakuntla DT, at 96:6-99:11, 99:19-100:3.

1 UMI responded to ISSI's overture with alacrity, [REDACTED]  
 2 [REDACTED]  
 3 [REDACTED] [REDACTED]  
 4 [REDACTED]  
 5 [REDACTED] [REDACTED]  
 6 [REDACTED]  
 7 [REDACTED] 50

8 Mr. Kalakuntla, as the executive in charge of ISSI's Atris bid, [REDACTED]  
 9 [REDACTED] [REDACTED]  
 10 [REDACTED] [REDACTED]  
 11 [REDACTED]  
 12 [REDACTED].<sup>53</sup> If Mr. Kalakuntla did not ask what UMI meant in 2012, it is because he already knew.  
 13 Indeed, although ISSI – a publicly traded Silicon Valley-based company – claims it [REDACTED]  
 14 [REDACTED]  
 15 [REDACTED] [REDACTED]  
 16 [REDACTED]  
 17 [REDACTED] [REDACTED]  
 18 [REDACTED]

19 [REDACTED] 56  
 20 **3. ISSI Also Enlists Anand Bagchi's Help.**

21 In August 2012, about the time ISSI began discussions with UMI, ISSI seized on another

22 <sup>48</sup> Dkt. 564, MSJ Ex. 50, at UMI\_0012675.

23 <sup>49</sup> Kim Decl., Ex. 21, UMI\_0012601.

24 <sup>50</sup> Kim Decl., Ex. 22, 4/3/15 ISSI DT, at 53:12-54:7.

25 <sup>51</sup> *Id.* at 45:23-48:24.

26 <sup>52</sup> Dkt. 564, MSJ Ex. 33.

27 <sup>53</sup> See Section II.A, *supra*.

28 <sup>54</sup> Dkt. 82, PI Ex. AC.

<sup>55</sup> Dkt. 564, MSJ Ex. 49, at ISSI\_0156241.

<sup>56</sup> Compare Kim Decl., Ex. 11, 4/2/15 Kalakuntla DT, at 233:13-24, and Dkt. 564, MSJ Ex. 50, at UMI\_0012675, MSJ Ex. 49, at ISSI\_0156241. ISSI's claim of innocence is also contrary to common sense. [REDACTED] (Kim Decl., Ex. 5, UMI\_0012863-68, at §2.) It is unreasonable to presume ISSI would pay that price without knowing exactly what UMI's prior experience was, especially UMI's own statements.

1 opportunity to obtain an unfair advantage against GSI by hiring former Cisco employee Anand  
 2 Bagchi.<sup>57</sup> From 2011 to 2012, Mr. Bagchi had been in charge of communicating with ISSI and  
 3 GSI about their Atris bids on behalf of Cisco.<sup>58</sup> [REDACTED]  
 4 [REDACTED]  
 5 [REDACTED]  
 6 [REDACTED]  
 7 [REDACTED]  
 8 [REDACTED]  
 9 [REDACTED]  
 10 [REDACTED]

11 Before leaving Cisco, Mr. Bagchi (who later directly reported to ISSI's Ron Kalakuntla)  
 12 became aware of UMI's prior work with GSI, learning that "UMI [was] partner to GSI during the  
 13 early days of ATRIS."<sup>64</sup> Mr. Bagchi expressed his apparent concern to the co-worker taking over  
 14 his Atris-related duties who later wrote,

15 "[w]ould you like to have a 3 way discussion with ISSI & UMI  
 16 (before we sign 3 way NDA) on Atris 2nd source. I was told UMI  
 17 is the partner that GSI used in the original Atris design. Since ISSI  
 likes to utilize UMI for Atris 2nd source, it would be good for us to  
 have the discussion to understand more."<sup>65</sup>

18 In fact, Cisco called such a meeting, on October 16, 2012, to understand more about the  
 19 relationship.<sup>66</sup> Notes from the meeting indicate that UMI's 72nm RLDRAM design—that is, the  
 20 chip GSI paid UMI to design—was discussed.<sup>67</sup> While ISSI now cannot remember what was  
 21 said, Cisco's notes make it clear that UMI's prior work on the 72nm RLDRAM product was

22 <sup>57</sup> Dkt. 564, MSJ Exs. 53, 54.

23 <sup>58</sup> E.g., Dkt. 564, MSJ Exs. 51, 52.

24 <sup>59</sup> Dkt. 564, MSJ Exs. 54, 55, 56, at 16:11-13; Kim Decl., Ex. 1, P. Lasserre DT, at 451:8-19;  
 467:18-22; Ex. 2, Howarth DT, at 366:25-367:6 ("[REDACTED"], Ex. 11, 4/2/15  
 Kalakuntla DT, at 193:15-20.

25 <sup>60</sup> Dkt. 564, MSJ Ex. 57.

26 <sup>61</sup> Dkt. 564-13, ¶ 6.

27 <sup>62</sup> *Id.*, ¶ 7.

28 <sup>63</sup> *Id.*, ¶ 8.

<sup>64</sup> Dkt. 564, MSJ Ex. 58.

<sup>65</sup> Dkt. 564, MSJ Ex. 59.

<sup>66</sup> Dkt. 564, MSJ Ex. 60.

<sup>67</sup> *Id.*

1 discussed in the context of ISSI's Atris bid.<sup>68</sup> ISSI understood this 72nm database would be used  
 2 to design ISSI's Atris chip.<sup>69</sup> Mr. Kalakuntla admitted that, as of October 2012, he understood  
 3 that the 72nm database was either designed for ProMOS or GSI.<sup>70</sup>

4 [REDACTED]  
 5 [REDACTED]  
 6 [REDACTED]  
 7 [REDACTED]  
 8 [REDACTED] 73

9 After Mr. Bagchi left Cisco, [REDACTED]

10 [REDACTED]  
 11 [REDACTED]  
 12 [REDACTED]  
 13 [REDACTED]  
 14 [REDACTED]  
 15 [REDACTED]  
 16 [REDACTED]  
 17 [REDACTED]  
 18 [REDACTED]

19 Moreover, when ISSI revised its Atris bid under Mr. Bagchi's guidance, [REDACTED]

20 [REDACTED]  
 21

---

22 <sup>68</sup> Kim Decl., Ex. 22, 4/3/15 ISSI DT, at 90:15-22, 93:19-94:16; Dkt. 564, MSJ Ex. 60.

23 [REDACTED] Kim Decl., Ex. 22, 4/3/15 ISSI DT, at 90:15-94:2.

24 Dkt. 564, MSJ Ex. 60; Kim Decl., Ex. 23, ISSI\_0277112-21 at 13.

70 Kim Decl., Ex. 11, Kalakuntla 4/2/15 DT, at 260:5-10.

71 Dkt. 564, MSJ Ex. 59.

72 Kim Decl., Ex. 3, Bagchi DT, at 272:2-12.

73 *Id.* at 253:3-255:9, 272:2-12; compare Dkt. 564, MSJ Ex. 49, at 242, and MSJ Ex. 61.

74 Dkt. 564, MSJ Exs. 62, 63, 64, 65.

75 Dkt. 564, MSJ Ex. 62.

76 Kim Decl., Ex. 11, 4/2/15 Kalakuntla DT, at 271:5-272:6.

77 Dkt. 564, MSJ Exs. 64, 49, at ISSI\_0156243.

1 [REDACTED] [REDACTED]  
 2 [REDACTED]  
 3 [REDACTED]. The removal of this information confirms ISSI knew it was  
 4 misusing GSI's trade secrets and did not want Cisco to know how far it was crossing the line.

5 **E. ISSI's Hires GSI's Design Team and Acquires GSI's Schematics Database.**

6 In December 2012, shortly after learning it won the Atris bid, ISSI's strategy changed.  
 7 Instead of partnering with UMI, ISSI would acquire UMI's prior design work and hire UMI's key  
 8 employees.<sup>80</sup> In early 2013, ISSI hired six UMI employees, i [REDACTED]  
 9 [REDACTED] to create its Atris design.<sup>81</sup> [REDACTED]  
 10 [REDACTED]  
 11 [REDACTED]  
 12 [REDACTED]  
 13 [REDACTED]  
 14 [REDACTED]  
 15 [REDACTED]  
 16 [REDACTED]  
 17 [REDACTED]

18 [REDACTED] (Coincidentally, "acquire" is a term with special  
 19 meaning in the trade secret context.)

20 At a deposition occurring a matter of months after the deal closed, [REDACTED]  
 21 [REDACTED]  
 22 [REDACTED]

23 <sup>78</sup> Kim Decl., Ex. 24, ISSI\_0289403-414 at 410.

24 <sup>79</sup> Dkt. 564, MSJ Ex. 49.

25 <sup>80</sup> Dkt. 564, MSJ Ex. 66.

26 <sup>81</sup> *Id.*; MSJ Ex. 16 ([REDACTED]).

27 <sup>82</sup> Dkt. 564, MSJ Ex. 67, at ISSI\_0475010.

28 <sup>83</sup> Dkt. 564, MSJ Ex. 66 at ISSI\_0223086.

<sup>84</sup> Dkt. 564, MSJ Ex. 68, at ISSI\_0275847.

<sup>85</sup> Kim Decl., Ex. 22, 4/3/15 ISSI DT, at 260:8-22.

<sup>86</sup> Compare Kim Decl., Ex. 20, 6/12/13 Kalakuntla DT, at 172:12-173:13 and Dkt. 564, MSJ  
 Ex. 70 ("[REDACTED]"), MSJ Ex. 71 ("[REDACTED]"); Kim Decl.,  
 Ex. 22, 4/3/2015 ISSI DT, at 273:20-24.

1 [REDACTED]  
 2 [REDACTED] 87 But this does not make sense  
 3 either: [REDACTED]

4 [REDACTED] 89  
 5 When ISSI received the schematics, [REDACTED]

11 F. ISSI Wins the Atris Bid.

12 On December 4, 2012, Cisco selected ISSI for the second source supplier award.<sup>94</sup> Cisco  
 13 weighed several factors in its Atris decision, including technical capability, time to market, price,  
 14 and foundry partner;<sup>95</sup> ISSI cheated with GSI trade secrets and property on all four. By far, the  
 15 most important factor to Cisco was whether the company could design the chip.<sup>96</sup> Cisco  
 16 confirmed that ISSI's decision to work with UMI was a "major factor" in selecting ISSI, and that  
 17 it was "comfortable" knowing that UMI would assist with the design.<sup>97</sup> ISSI admits, without  
 18 UMI, it could not meet the specification or Cisco's timeline.<sup>98</sup>

19 ISSI downplays the importance of time to market in awarding the bid, but Cisco

20 <sup>87</sup> Kim Decl., Ex. 22, 4/3/2015 ISSI DT, at 273:16-19.

21 <sup>88</sup> *Id.* at 273:25-274:2.

22 <sup>89</sup> Dkt. 564, MSJ Ex. 4, at ISSI\_0228486.

23 <sup>90</sup> Dkt. 564, MSJ Ex. 72.

24 <sup>91</sup> Dkt. 564, MSJ Ex. 73, at MLB-CIS-00000236 006 (listing only one RLDRAM project); MSJ  
 25 Ex. 26, at ISSI\_0160845 ([REDACTED]).

26 <sup>92</sup> Dkt. 564, MSJ Ex. 22, at ¶¶51-54, 57, 63-69.

27 <sup>93</sup> *Id.* at ¶¶51-54, 57.

28 <sup>94</sup> Dkt. 82, PI Ex. AE.

<sup>95</sup> Kim Decl., Ex. 25, Tong DT, at 46:1-47:4, 57:25-58:5, 149:10-16.

<sup>96</sup> *Id.* at 27:4-28:12, 52:20-53:7; 69:20-25.

<sup>97</sup> *Id.* at 68:22-69:18; Dkt. 82, PI Ex. AE.

<sup>98</sup> Kim Decl., Ex.20, 6/12/13 Kalakuntla DT, at 89:17-21.

1 considered the schedule in its decision.<sup>99</sup> Cisco required a second source to balance risks and  
 2 ensure supply, and also to drive price competition with its first source.<sup>100</sup> Indeed, Cisco pushed  
 3 ISSI to provide concrete timelines during the bidding process and compared the prospective  
 4 supplier's timelines, demonstrating the importance of a reasonable timeline for production.<sup>101</sup>  
 5 Cisco also confirmed that factors such as fab selection and price were not determinative in its  
 6 selection process.<sup>102</sup> In fact, pricing, while important, ranked the lowest of these factors.<sup>103</sup>

7 ISSI incorrectly asserts in its brief that Cisco "did not express any concern about ISSI's  
 8 pricing."<sup>104</sup> [REDACTED]

9 [REDACTED]  
 10 [REDACTED] 6

#### 11 G. ISSI Agrees to the Transfer Knowing of GSI's Potential Claims.

12 In January 2013, GSI sent UMI a letter reminding UMI about its non-compete obligations,  
 13 attaching the Agreement.<sup>107</sup> [REDACTED]

14 [REDACTED]  
 15 [REDACTED]  
 16 [REDACTED]  
 17 [REDACTED]  
 18 [REDACTED]  
 19 [REDACTED]  
 20 [REDACTED]

21 <sup>99</sup> Kim Decl., Ex. 26, Markevitch DT, at 117:2-118:8; Ex. 25, Tong DT, at 149:10-16.

22 <sup>100</sup> *Id.*, Ex. 25, Tong DT, at 48:1-13; 149:17-19.; 48:14-17; 149:20-150:1.

23 <sup>101</sup> Dkt. 564, MSJ Ex. 81 at 5; Kim Decl., Ex. 27, UMI\_0013532-35 at 34.

24 <sup>102</sup> Kim Decl., Ex. 25, Tong DT, at 46:1-47:7; 149:4-16.

25 <sup>103</sup> *Id.* at 161:22-162:14.

26 <sup>104</sup> Mot. at 7:23-24.

27 <sup>105</sup> Kim Decl. Ex. 28, ISSI\_0278661.

28 <sup>106</sup> Kim Decl. Exs. 29, ISSI\_0172638-41 (January 2012 pricing); Ex. 30, ISSI\_0167981-7984  
 (September 2012 pricing); Dkt. 564, MSJ Ex. 49 at ISSI\_0156242 (final pricing).

29 <sup>107</sup> Kim Decl., Ex. 8, HARDEE000046-63 at 46.

30 <sup>108</sup> *Id.*, Ex. 31, Hardee DT, at 255:10-256:17.

31 <sup>109</sup> Kim Decl., Ex. 8, HARDEE000046-63 at 46.

32 <sup>110</sup> *Id.* at 46, Ex. 31, Hardee DT, at 256:23-257:9.

33 <sup>111</sup> Kim Decl., Ex. 32, ISSI\_0474932-36; also compare Dkt. 564, MSJ Ex. 66, at ISSI\_2203087  
 (listing transferring employees) and Ex. 16, at UMI\_00011822 (designers on GSI's 576Mb chip).

1 [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 Only after the former UMI employees were at ISSI did the schematic “asset transfer”

8 b [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]<sup>7</sup>

### 15 III. THE RECORD FULLY SUPPORTS GSI’S TRADE SECRET CLAIMS.

16 GSI asserts two sets of trade secrets: (1) 25 schematics UMI designed for GSI (the  
 17 “576Mb Trade Secrets”) located within current ISSI’s Atris chip design; and (2) certain GSI bid  
 18 information relating to Atris, specifically GSI’s choice of fab and pricing strategy.<sup>118</sup> ISSI attacks  
 19 the 576Mb Trade Secrets on the grounds that it did not unlawfully obtain them; the GSI bid trade  
 20 secrets are addressed in subsequent sections.

#### 21 A. ISSI Knew That It Was Improperly Acquiring GSI’s 576Mb Trade Secrets.

22 Summary judgment as to ISSI’s “knowledge” is inappropriate. GSI need not prove actual  
 23 or express knowledge, although those facts exist, to survive summary judgment. Rather, it must  
 24 only demonstrate a triable issue of fact that ISSI *knew or had reason to know* that the trade

25 <sup>112</sup> Dkt. 564, MSJ Ex. 75.

26 <sup>113</sup> *Id.*

27 <sup>114</sup> Kim Decl., Ex. 33, UMI\_0013138, Ex. 34, EATON\_000679.

28 <sup>115</sup> Kim Decl., Ex. 22, 4/3/15 ISSI DT, at 279:14-17, 280:2-18, Ex. 35, ISSI\_0172644-45.

<sup>116</sup> Dkt. 564, MSJ Ex. 75.

<sup>117</sup> Kim Decl., Ex. 22, 4/3/15 ISSI DT, at 280:2-18.

<sup>118</sup> Dkt. No. 564, Ex. 77 at pp. 1-7.

1 secrets were acquired by improper means. *Ajaxo Inc. v. E\*Trade Grp. Inc.*, 135 Cal. App. 4th 21,  
 2 66 (2005). This “reason to know” standard has also been described as a “reason to suspect,” and  
 3 a plaintiff may prove its case by showing facts which would have made a reasonably prudent  
 4 purchaser suspicious. *See Ralph Andrews Prods., Inc. v. Paramount Pictures Corp.*, 222 Cal.  
 5 App. 3d 676, 685 (1990). A purchaser may not escape liability by burying its head in the sand  
 6 and asking no questions; or shielding high level executives from the knowledge of employees  
 7 tasked with developing the product and using the trade secrets. *See First Health Grp. Corp. v.*  
 8 *Nat'l Prescription Adm'r's, Inc.*, 155 F. Supp. 2d 194, 227-28 (M.D. Pa. 2001) (defendant should  
 9 have known, because of its knowledge of the industry and previous bids, that employee's  
 10 contributions to its bid proposal included the plaintiff's trade secrets).

11 ISSI knew or should have known that it was purchasing GSI's trade secrets before it  
 12 executed or completed the acquisition.<sup>119</sup> In 2009, [REDACTED]  
 13 [REDACTED]  
 14 [REDACTED]  
 15 [REDACTED] [REDACTED]  
 16 [REDACTED]

17 [REDACTED].<sup>122</sup> This alone raises a triable issue that  
 18 ISSI knew, or should have suspected, UMI was in possession of GSI's 576Mb Trade Secrets.

19 Once ISSI began working with UMI (before the deal was signed or closed), ISSI's  
 20 suspicions should have been on alert. [REDACTED]  
 21 [REDACTED]  
 22 [REDACTED]  
 23 [REDACTED]

---

24 <sup>119</sup> Confusingly, ISSI tries to hinge its knowledge of the trade secrets to its knowledge of the non-  
 25 compete, but, GSI's misappropriation claim against ISSI is separate and distinct from ISSI's  
 26 knowledge of the non-compete between UMI and GSI.

27 <sup>120</sup> Dkt. 564, MSJ Ex. 26 at 0160845; Kim Decl., Ex. 36, ISSI\_0160843.

28 <sup>121</sup> Dkt. 564, MSJ Ex. 4, at ISSI\_0228486.

<sup>122</sup> Kim Decl., Ex. 1, P. Lasserre DT, at 97:2-16, 429:3-430:11, 437:17- 438:2, 442:12-443:1;  
 Ex. 11, 4/2/15 Kalakuntla DT, 103:21-23.

<sup>123</sup> Kim Decl., Ex. 37, GSIVUMI-ISSI 3DP 000542.

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED] 124.

4 The warning signs continued. First, in the midst of ISSI's discussions with UMI, ISSI  
 5 hired Anand Bagchi who knew that "UMI was partner to GSI during the early days of Atris."<sup>125</sup>  
 6 Second, Cisco also called a meeting with UMI and ISSI to discuss their relationship in light of the  
 7 prior design UMI did for GSI.<sup>126</sup> If Cisco was concerned enough to raise such questions, ISSI  
 8 should have been as well. *See Ralph Andrews*, 222 Cal. App. 3d at 685. Rather than investigate  
 9 further, [REDACTED]

10 [REDACTED]  
11 [REDACTED]12 [REDACTED] 129.  
13 ISSI's own conduct confirms its knowledge. [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED],<sup>132</sup>

18 More, ISSI hired several former UMI designers – the same designers who worked on the  
 19 576Mb and Atris chips for GSI – to work on ISSI's Atris design.<sup>133</sup> [REDACTED]

20 [REDACTED] –  
21

<sup>124</sup> Dkt. 564, MSJ Ex. 66 at ISSI\_0223086, Kim Decl., Ex. 22, 4/3/15 ISSI DT, at 273:25-275:16.

<sup>125</sup> Dkt. 564, MSJ Exs. 55, 58, 59; Kim Decl., Ex. 38, ISSI\_0171715.

<sup>126</sup> Dkt. 564, MSJ Ex. 59; Kim Decl., Ex. 39, ISSI\_0165768-69.

<sup>127</sup> Dkt. 564, MSJ Ex. 49 at ISSI\_0156241.

<sup>128</sup> *Id.*, MSJ Ex. 72; Kim Decl., Ex. 2, Howarth DT, at 191:7-14; 193:6-195:8.

<sup>129</sup> Dkt. 564, MSJ Ex. 26 at 0160845; Kim Decl., Ex. 2, Howarth DT, at 192:7-13. Further, based on its knowledge of the industry, ISSI should have been on notice that it was purchasing GSI's trade secrets. [REDACTED]

<sup>130</sup> *Id.* at 139:19-24; 177:15-178:7, 179:24-180:1.

<sup>131</sup> Dkt. 564, Ex. 68, at ISSI\_0275847.

<sup>132</sup> Kim Decl., Ex. 40, McNeillie DT, at 21:18-25, 22:19-20, 156:6-9, 160:4-10.

<sup>133</sup> Kim Decl., Ex. 41, ISSI\_0288114.

<sup>134</sup> Dkt. 564, MSJ Ex. 66 at ISSI\_0223087.

1 [REDACTED]  
 2 [REDACTED].<sup>134</sup> A company is deemed to have notice of any facts its  
 3 employees or agents “ought, in good faith and the exercise of ordinary care and diligence, to  
 4 communicate to the [company].” Cal. Civ. Code § 2332; *see also Hatfield v. Levy Bros.*, 18 Cal.  
 5 2d 798, 806 (1941) (where employee, acting within the scope of his employment, had knowledge,  
 6 the employer cannot assert he had no knowledge; knowledge is imputed). If the employee had  
 7 such a duty, the fact that the employee did not actually communicate the information is irrelevant;  
 8 knowledge is imputed. *O'Riordan v. Fed. Kemper Life Assur.*, 36 Cal. 4th 281, 288 (2005);  
 9 *People v. Forest E. Olson, Inc.*, 137 Cal. App. 3d 137, 139-40 (1982); *Allergan, Inc. v. Merz*  
 10 *Pharms.*, 2012 WL 781705, at \*12-13 (C.D. Cal. Mar. 9, 2012) (holding employer liable for  
 11 misappropriation). A company cannot escape liability “by not letting its right hand know what is  
 12 in its left hand.” *Forest E. Olson, Inc.*, 137 Cal. App. 3d at 140.

13 ISSI’s engineers—former UMI engineers—were acutely aware of the misappropriation  
 14 and had a duty to convey that information to ISSI. Knowledge is imputed. *See O'Riordan*, 36  
 15 Cal. 4th at 288. And ISSI’s employees *did* convey the information. When former UMI lead  
 16 designer [REDACTED]  
 17 [REDACTED]<sup>135</sup> Instead, it  
 18 chose to avoid asking any questions which would interfere with its plan to hire UMI. ISSI’s  
 19 protestations of innocence do not remove the triable issues raised by these facts. A jury should  
 20 weigh the credibility of ISSI’s witnesses against the facts shown by the documents.

21 **B. ISSI’s Misappropriation Was Willful and Malicious.**

22 There is also – at a minimum – a genuine issue of material fact as to whether GSI is  
 23 entitled to exemplary damages under California Civil Code § 3426.3. Exemplary damages are  
 24 appropriate where a plaintiff can show willful and malicious misappropriation. Cal. Civ. Code §  
 25 3426.3(c). This is a factual inquiry for the jury, one that generally should not be determined on  
 26 summary judgment. *Sega Enters. Ltd. v. MAPHIA*, 948 F. Supp. 923, 936 (N.D. Cal. 1996); *see*

27 \_\_\_\_\_  
 28 <sup>134</sup> Kim Decl, Ex. 8, HARDEE000046-63.

<sup>135</sup> Dkt. 564, MSJ Ex. 67 at ISSI\_0475010.

1      *Bravo v. City of Santa Maria*, 665 F.3d 1076, 1087 (9th Cir. 2011) (“State of mind is for the  
 2      jury.”) (quoting *Butler v. Elle*, 281 F.3d 1014, 1024 (9th Cir. 2002)). This is particularly true  
 3      here, where the record demonstrates material facts showing both willfulness and malice.

4           Willfulness is defined as “willingness to commit the act or engage in the conduct in  
 5      question.” *Ajaxo*, 135 Cal. App. 4th at 66. [REDACTED]  
 6      [REDACTED]  
 7      [REDACTED]  
 8      [REDACTED]  
 9      [REDACTED]

10     [REDACTED] Yet, despite the numerous red flags discussed herein, ISSI continued to  
 11    engage with UMI, either with actual knowledge of the relevant facts or because it actively  
 12    avoided any facts which might disrupt its plan to hire UMI and obtain GSI’s trade secrets.

13    Further, standing alone, [REDACTED]  
 14    [REDACTED]  
 15    [REDACTED]

16    [REDACTED]<sup>136</sup> *See id.* at 65-67 (finding willfulness premised upon circumstantial evidence of  
 17    willingness to engage in conduct).

18       To prove malice, a plaintiff must show only the defendant’s “conscious disregard” for the  
 19    rights of others. *Simon v. San Paolo U.S. Holding Co., Inc.*, 35 Cal. 4th 1159, 1181 (2005).  
 20    “Conscious disregard” exists where the defendant was aware of the probable consequences of his  
 21    actions and willfully and deliberately failed to avoid them. *Taylor v. Super. Ct.*, 24 Cal. 3d 890,  
 22    895-96 (1979). Conscious disregard may be proven with circumstantial evidence. *See Ajaxo*, 135  
 23    Cal. App. 4th at 66-67; *Egan v. Mut. of Omaha Ins. Co.*, 24 Cal. 3d 809, 828 (1979).

24       The record here contains sufficient direct and circumstantial evidence showing that ISSI  
 25    knew it was improperly acquiring GSI’s trade secrets, and embarked on a course to hide its  
 26    conscious disregard for GSI’s property. [REDACTED]  
 27    [REDACTED]

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28    <sup>136</sup> Kim Decl., Ex. 22, 4/3/15 ISSI DT, at 278:19-279:17; Ex. 35, ISSI\_0172644.

1 [REDACTED]  
 2 [REDACTED]  
 3 [REDACTED]  
 4 [REDACTED]  
 5 [REDACTED]  
 6 [REDACTED]  
 7 [REDACTED]  
 8 [REDACTED]  
 9 [REDACTED] [REDACTED]  
 10 [REDACTED]

11 [REDACTED]<sup>138</sup> ISSI pilfered a third party's trade secrets and "thereby intended to cause injury to  
 12 the true/owner developer of that technology." *Ajaxo*, 135 Cal. App. 4th at 67.

13 Further, malice can be shown by a defendant's knowledge of and failure to avoid undue  
 14 consequences. *See J.R. Norton Co. v. Gen. Teamsters, Warehousemen & Helpers Union*, 208  
 15 Cal. App. 3d 430, 444-45 (1989). Circumstantial evidence indicating a defendant was aware of a  
 16 fact, but avoided learning its full extent and failed to take action is sufficient to meet this  
 17 threshold. *Id.* Willful blindness cannot shield a party from a finding of malice. *See id.* ISSI  
 18 received repeated warning signs that it was acquiring GSI's trade secrets. Rather than investigate  
 19 and avoid the consequences, ISSI consciously elected not to ask questions which may have upset  
 20 its plan to hire UMI and obtain GSI's trade secrets.<sup>139</sup>

21 ISSI's course of conduct is sufficient to sustain a finding that ISSI acted in conscious  
 22 disregard of GSI's trade secret rights. *See id.* The Court should deny ISSI's motion for summary  
 23 judgment on the issue of exemplary damages.

24 **C. No Safe Harbor Shields ISSI's Misappropriation from Liability.**

25 The so-called "safe harbor" defense is unavailable to ISSI for three reasons. First, as this  
 26 Court previously explained, there is no "safe harbor" defense under CUTSA: "even if Section

27 <sup>137</sup> Dkt. 564, MSJ Ex. 75.

28 <sup>138</sup> Kim Decl., Ex. 22, 4/3/15 ISSI DT, at 278:19-279:17; Ex. 35, ISSI\_0172644.

<sup>139</sup> See, e.g., Kim Decl., Ex. 22, 4/3/15 ISSI DT, at 273:25-275:16.

1 3426.1(b)(2)(C) did apply, ISSI has pointed to no case law indicating that that section operates as  
 2 a ‘safe harbor,’ and the requirements of that provision do not seem to fit the facts at hand.”<sup>140</sup> Not  
 3 surprisingly, ISSI is still unable to cite a single case supporting its application.<sup>141</sup>

4 Second, ISSI did not plead a “safe harbor” defense.<sup>142</sup> ISSI’s “safe harbor” theory is,  
 5 therefore, simply a recasting of ISSI’s failed argument that GSI has not met its burden of showing  
 6 ISSI knew or should have known it was acquiring GSI’s trade secrets. CUTSA’s knowledge  
 7 requirement does not obligate GSI to prove that ISSI did not “material[ly] change” its position.  
 8 See Cal. Civ. Code § 3426.1(b). Thus, ISSI’s arguments that it changed position, or could not  
 9 unwind its agreement with UMI is irrelevant.

10 Third, ISSI was aware of the trade secret claim before it entered into the contracts with  
 11 UMI, and it is undisputed that [REDACTED]  
 12 [REDACTED].<sup>143</sup> Thus, ISSI completed the transaction with full knowledge.

13 Contrary to the evidence, ISSI complains that GSI failed to give ISSI notice because the  
 14 lawsuit did not assert trade secret claims.<sup>144</sup> ISSI did not need notice—it already knew,  
 15 [REDACTED]  
 16 [REDACTED]  
 17 [REDACTED]—GSI became aware  
 18 only after ISSI produced the database it received from UMI in 2014.<sup>145</sup>

19 Though it knew the March 2013 complaint involved “IP” rights, [REDACTED]  
 20 [REDACTED].<sup>147</sup> Tellingly,  
 21 Cisco—a third party—identified the IP problems immediately after it was subpoenaed and

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22<sup>140</sup> Dkt. 227 at 13, n.76.

23<sup>141</sup> Mot. at 23-24.

24<sup>142</sup> Dkt. 242.

25<sup>143</sup> Kim Decl., Ex. 8, HARDEE000046-63, Ex. 31, Hardee DT, at 256:23-257:9, Ex. 22, 4/3/15  
 ISSI DT, at 279:14-17, 280:2-18; Dkt. 564, MSJ Ex. 75.

26<sup>144</sup> Mot. at 23:21-23.

27<sup>145</sup> Dkt. 564, MSJ Ex. 75.

28<sup>146</sup> Compare Dkt. 564, MSJ Ex. 72 ([REDACTED], Kim Decl.,  
 Ex. 21, UMI\_0012601-10, at 00126067), Dkt. 564,  
 MSJ Ex. 26, at 0160845, [REDACTED], and Kim Decl., Ex. 42,  
 10/31/14 Baskin Letter, [REDACTED]).

<sup>147</sup> Kim Decl., Ex. 43, ISSI\_0156044.

1 learned of the lawsuit in May 2013. ISSI cannot credibly claim it remained ignorant when it  
 2 received the same information months prior.<sup>148</sup>

3 Even if ISSI could credibly claim it was not aware of GSI's trade secret claim, it had the  
 4 power to unwind the transaction at any time, [REDACTED]

5 [REDACTED] Likewise, even though ISSI had hired UMI's  
 6 employees by early 2013, it does not follow that ISSI had to use GSI's trade secrets. That was a  
 7 choice ISSI made separate and apart from its need for manpower to design Atris.

8 **IV. ISSI'S MISAPPROPRIATION SUBSTANTIALLY CONTRIBUTED TO GSI'S  
 9 LOSS OF THE ATRIS BID AND ISSI'S UNJUST ENRICHMENT.**

10 As a direct result of ISSI's misappropriation, ISSI ousted GSI from the Atris award in a  
 11 head-to-head competition. Accordingly, ISSI's causation arguments fail. Under California's  
 12 "substantial factor" test, GSI must prove only that ISSI's conduct contributed to Cisco's decision.  
 13 See *People v. Holmberg*, 195 Cal. App. 4th 1310, 1321-22 (2011); *Premier Displays & Exhibits v.*  
 14 *Cogswell*, 2009 WL 8623588, at \*10 (C.D. Cal. Dec. 23, 2009); 1-4400 CACI No. 4401; c.f. Cal.  
 15 Civ. Code § 3426.3(a) (a plaintiff may recover for unjust enrichment caused by misappropriation).  
 16 The "substantial factor standard is a relatively broad one, requiring only that the contribution of the  
 17 individual cause be more than negligible or theoretical." *Holmberg*, 195 Cal. App. 4th at 1321. A  
 18 "very minor force that does cause harm is a substantial factor." *Bockrath v. Aldrich Chem. Co., Inc.*, 21 Cal. 4th 71, 79 (1999). Causation "is ordinarily a question of fact which cannot be  
 19 resolved by summary judgment." *Cogswell*, 2009 WL 8623588 at \*10 (quoting *Ambriz v. Kelegian*, 146 Cal. App. 4th 1519, 1531-32 (2007)). Summary judgment is proper "only if, under  
 20 undisputed facts, there is no room for a reasonable difference of opinion." *Id.*

21 In the instant case, there is substantial room for a reasonable difference of opinion. Cisco

22  
 23  
 24 <sup>148</sup> ISSI tries to shift the blame for its incomplete removal of the UMI "logic" because GSI did not  
 25 provide ISSI with a list of its trade secrets until August 2014. (Mot. at 23:21-25.) The ownership  
 26 provision—of which ISSI was aware as soon as GSI filed suit—gives GSI ownership over the  
 27 entire database, so ISSI was on notice that the relevant inquiry was what data UMI sent to ISSI  
 28 derived from UMI's work for GSI. Disclosure of which portions of those databases are trade  
 secret is irrelevant, because GSI owns all of the data UMI sent it. No safe harbor protects ISSI  
 from its failure to properly remove all of GSI's property and trade secrets when it knew, or had  
 reason to suspect, that GSI owns them in their entirety.

<sup>149</sup> Dkt. 564, MSJ Ex. 66 at, at § 4.6(c).

1 considered several factors in its Atris decision, namely technical capability, time to market, price,  
 2 and foundry partner.<sup>150</sup> For each of these factors, ISSI's misappropriation of GSI's trade secrets  
 3 contributed to ISSI's ability not only to win the Atris bid, but to even compete for the project.

4       **A.     Technical Capability and Time to Market: ISSI Lacked the Ability to Bid for**  
**the Atris Project Without GSI's 576Mb Trade Secrets and Design Team.**

6           Without GSI's 576Mb trade secrets, ISSI would have been unable even to participate in  
 7 the bidding for Atris. Technical capability was the most important factor in Cisco's decision.<sup>151</sup>

8 [REDACTED]  
 9 [REDACTED]  
 10 [REDACTED]  
 11 [REDACTED]  
 12 [REDACTED]  
 13 [REDACTED]  
 14 [REDACTED]  
 15 [REDACTED]  
 16 [REDACTED]  
 17 [REDACTED] <sup>158</sup>

18           Contrary to ISSI's assertions, the available evidence demonstrates that [REDACTED]  
 19 [REDACTED]  
 20 [REDACTED]  
 21 [REDACTED]

22       <sup>150</sup> Kim Decl., Ex. 25, Tong DT, at 46:1-47:4, 57:25-58:5, 149:10-16; Ex. 26, Markevitch DT, at  
 117:7-118:8.

23       <sup>152</sup> Kim Decl., Ex. 1, P. Lasserre DT, at 97:2-16, 429:3-430:11, 437:17- 438:2, 442:12-443:1.

24       <sup>152</sup> Kim Decl., Ex. 1, P. Lasserre DT, at 97:2-16, 429:3-430:11, 437:17- 438:2, 442:12-443:1.

25       <sup>153</sup> *Id.*, Ex. 2, Howarth DT, at 91:14-20.

26       <sup>154</sup> *Id.* at 91:21-92:12.

27       <sup>155</sup> *Id.*, Ex. 1, P. Lasserre DT, at 97:2-16, 429:3-430:11, 437:17- 438:2, 442:12-443:1.

28       <sup>156</sup> *Id.*

29       <sup>157</sup> Dkt. 564, MSJ Ex. 46; Kim Decl., Ex. 44, ISSI\_0294817-18, Ex. 45, ISSI\_0244422-29.

30       <sup>158</sup> Kim Decl., Ex. 2, Howarth DT, at 128:21-129:3; *id.* Ex. 46 ISSI\_0277877-878 at 77.

31       <sup>159</sup> Mot. at 19:6-9.

32       <sup>160</sup> Dkt. 564 MSJ Ex. 60; Kim Decl., Ex. 23, ISSI\_0277112- 21 at 13 [REDACTED]

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED] „162

4 Cisco also contemplated ISSI's use of UMI's previous work for GSI. In October 2012,  
 5 Cisco noted that UMI had a nearly complete 576Mb RLDRAM design, paying particular  
 6 attention to the fact that the Verilog design was finished.<sup>163</sup> Completing the Verilog design had  
 7 been an important issue for Cisco during the Atris first source discussion in 2008.<sup>164</sup> Mary Tong,  
 8 a Cisco employee involved in the Atris bid decision, explained that ISSI's partnership with UMI  
 9 was a "major" factor in its selection because of UMI's design expertise.<sup>165</sup> [REDACTED]

10 [REDACTED]  
11 [REDACTED]  
12 [REDACTED]  
13 [REDACTED]  
14 [REDACTED]

15 ISSI makes the same ill-fated argument that the defendant tried in *San Jose Constr., Inc., v. S.B.C.C, Inc.*, 155 Cal. App. 4th 1528 (2007). ISSI argues that it won the bid because Cisco  
 16 simply liked UMI, unrelated to its RLDRAM experience or its available design. Similarly, the  
 17 defendant in *San Jose* argued that the reason the plaintiff lost its bid/customer was that it fired its  
 18 employee who the customer liked. *Id.* at 1540. The Court in *San Jose* found that a triable issue  
 19 existed as to whether the customer did not want a delay and it was the employee's knowledge of  
 20 trade secrets and other information that prevented the delay. *Id.* at 1540-41.

22 The same is true in the instant situation. [REDACTED]  
23 [REDACTED]24 <sup>161</sup> Dkt. 564, MSJ Ex. 60.25 <sup>162</sup> Dkt. 564, MSJ Ex. 68.26 <sup>163</sup> Kim Decl., Ex. 47, MLB-CIS-00000276.27 <sup>164</sup> *Id.*, Ex. 48, MLB-CIS-00000181; Dkt. 82, PI Ex. N.28 <sup>165</sup> Kim Decl., Ex. 25, 4/17/15 Tong DT, at 68:22-69:18.<sup>166</sup> Dkt. 564, MSJ Ex. 60 (referencing UMI's 72nm RLDRAM); Kim Decl., Ex. 2, Howarth DT, at 78:13-18.<sup>167</sup> Kim Decl., Ex. 1, P. Lasserre DT, at 429:9-22, 430:23-431:18, Ex. 20, 6/12/13 Kalakuntla DT, at 89:17-21.

1 [REDACTED]  
 2 [REDACTED]  
 3 [REDACTED] Although ISSI now tries to dismiss the importance of time to market in the bidding  
 4 process, it was a factor Cisco considered in its selection of the second source supplier, and an  
 5 issue on which Cisco questioned ISSI.<sup>170</sup> ISSI itself characterized the timeline for executing the  
 6 project as “very critical from Cisco’s point of view.”<sup>171</sup>

7       **B. Foundry and Pricing: ISSI’s Use of the Atris Trade Secrets Was A**  
 8       **Substantial Factor in Cisco’s Selection of ISSI.**

9           ISSI does not dispute that it came into possession of GSI’s pricing strategy and fab  
 10 selection related to the Atris bid. GSI shared these trade secrets with then-Cisco employee Anand  
 11 Bagchi during the Atris bidding process. ISSI disputes that it acted upon that information or that it  
 12 mattered to Cisco’s decision. Triable issues of fact exist regarding both issues.

13           First, there is ample evidence that ISSI used GSI’s trade secret information. With respect  
 14 to foundry selection, [REDACTED]

15 [REDACTED]  
 16 [REDACTED]  
 17 [REDACTED]  
 18 [REDACTED]  
 19 [REDACTED]  
 20 [REDACTED]  
 21 [REDACTED]  
 22 [REDACTED]  
 23 [REDACTED] The only reasonable inference: ISSI

24       <sup>168</sup> Dkt. 564, MSJ Ex. 81, at 005.

25       <sup>169</sup> Kim Decl., Ex. 11, 4/2/15 Kalakuntla DT, at 221:13-224:19; 225:14-24; Dkt. 82, PI Ex. AC.

26       <sup>170</sup> Kim Decl., Ex. 27, UMI\_0013532- 35, at UMI\_0013534.

27       <sup>171</sup> *Id.*, Ex. 11, 4/2/15 Kalakuntla DT, at 155:12-19.

28       <sup>172</sup> *Id.*, Ex. 49, GSIVUMI-ISSI 3DP 000518.

27       <sup>173</sup> Dkt. 564, MSJ Ex. 62, MSJ Exs. 63, 64, 65; *see also* Kim Decl., Ex. 50, ISSI\_0156258-60.

27       <sup>174</sup> Dkt. 564, MSJ Ex. 62; Kim Decl., Ex. 50, ISSI\_0156258-60.

28       <sup>175</sup> Kim Decl., Ex. 11, 4/2/15 Kalakuntla DT, at 275: 19-22; 271:1-272:4-6.

28       <sup>176</sup> *Id.* at 271:5-272:6; Dkt. 564, MSJ Exs. 65, 49 at ISSI\_0156243.

1 changed its position in response to the emails to improve its chances of winning the bid.

2 ISSI also used GSI's pricing information. [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED] If ISSI had learned this information from Cisco, [REDACTED]<sup>181</sup> and  
10 not surreptitiously, ISSI would have included this information in its revised bid.

11 Second, the misappropriated information mattered to Cisco. ISSI mistakenly concludes  
12 that it was always the Cisco favorite for Atris due to its low pricing. But Cisco stated that price  
13 was only one factor in its overall decision.<sup>182</sup> According to Cisco, price could be the dispositive  
14 factor in its selection *only if all things – “everything” – were equal*.<sup>183</sup> But all things were not  
15 equal. GSI was proposing a tape out date that was seven months in advance of ISSI's.<sup>184</sup> Without  
16 a doubt, a triable issue of fact exists as to whether ISSI's misappropriation of GSI's trade secrets  
17 substantially contributed to GSI's loss of the Atris bid and ISSI's unjust enrichment.

## 18 V. GSI'S “UNLAWFUL” AND TIPER CLAIMS ARE NOT PREEMPTED.

19 ISSI tries to get rid of GSI's “unlawful” prong UCL and TIPER claims as preempted by  
20 CUTSA. The Court already rejected this argument.<sup>185</sup> Though long on a policy discussion, ISSI  
21 fails to cite a single fact identified during discovery supporting a change in the Court's prior  
22 analysis. This is not surprising, as GSI's UCL and TIPER claims are not based on trade secret

23 <sup>177</sup> Kim Decl., Ex. 22, 4/3/15 ISSI DT, at 138:25-139:9; Ex. 51, ISSI\_0289415-416 (showing Mr.  
24 Bagchi's work on Atris), Ex. 3, Bagchi DT, at 272:2-12.

25 <sup>178</sup> Kim Decl., at 253:3-255:9; 272:2-12; compare Dkt. 564, MSJ Ex. 49, and MSJ Ex. 61.

26 <sup>179</sup> Kim Decl., Ex. 3, Bagchi DT, at 255:10-258:3, Ex. 11, 4/2/15 Kalakuntla DT, 312:10-17; Dkt.  
27 564, MSJ Ex. 49.

<sup>180</sup> Dkt. 564, MSJ Ex. 49.

<sup>181</sup> Kim Decl., Ex. 11, 4/2/15 Kalakuntla DT, at 313:4-9.

<sup>182</sup> *Id.*, Ex. 25, Tong DT, at 46:1-8.

<sup>183</sup> *Id.* at 161:22-162:14

<sup>184</sup> *Id.* at 151:2-17.

<sup>185</sup> Mot. at 27:17-20; Dkt. 227 at 17; Dkt. 206 at 22-24 (ISSI motion to dismiss).

1 claims. The “unlawful” and TIPER claims are premised upon: (1) ISSI and UMI’s conversion of  
 2 GSI’s 273 schematics *not* claimed as trade secrets;<sup>186</sup> and (2) ISSI and UMI’s unlawful acts under  
 3 the “unfair” prong of the UCL, discussed above and discussed further in Sections V and VI.<sup>187</sup>

4 GSI’s claims based upon non-trade secret schematics fall “well outside the reach of  
 5 CUTSA supersession.” *See Silvaco Data Sys. v. Intel Corp.*, 184 Cal. App. 4th 210, 242 (2010);  
 6 *Leatt Corp. v. Innovative Safety Tech., LLC*, 2010 WL 2803947 at \*6 (S.D. Cal. July 15, 2010).  
 7 CUTSA expressly exempts from preemption: (1) contractual remedies, whether or not based upon  
 8 misappropriation; (2) ***other civil remedies that are not based upon misappropriation***; and  
 9 (3) criminal remedies, whether or not based upon misappropriation. Cal. Civ. Code § 3426.7(b).  
 10 Under the second exception, which ISSI ignores, there is no preemption for claims “that, although  
 11 related to a trade secret misappropriation, are independent and based on facts distinct from the  
 12 facts that support the misappropriation claim.” *Angelica Textile Servs., Inc. v. Park*, 220 Cal.  
 13 App. 4th 495, 506 (2013); *see Silvaco*, 184 Cal. App. 4th at 241.

14 GSI’s claims relating to the non-trade secret schematics are factually distinct from GSI’s  
 15 trade secret claims, and fall within this exception. GSI’s claim for misappropriation of 25 trade  
 16 secret schematics does not form the basis of GSI’s “unlawful” or TIPER claims.<sup>188</sup> Rather, GSI  
 17 has identified 273 *non-trade* secret schematics, which it owns under the 576Mb Agreement.<sup>189</sup>  
 18 GSI has a right to seek protection of these schematics separate and apart from the value the  
 19 materials derive from being secret: GSI is entitled to protect them, not under trade secret law, but  
 20 because it owns them—GSI can protect its trade secrets to the same extent it can protect tangible  
 21 property it owns. ISSI’s liability for converting these schematics does not depend upon their  
 22 confidentiality, which prevents preemption. *See Angelica Textile Servs.*, 220 Cal. App. 4th at  
 23 506.

24 Moreover, these schematics have value regardless of whether they are treated as

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25<sup>186</sup> Kim Decl., Ex. 52, GSI’s Response to ISSI’s Interrogatory No. 13; Ex. 53, GSI’s Response to  
 26 ISSI’s Interrogatory No. 25.

27<sup>187</sup> A violation of the “unfair” prong may support an unlawful act under the “unlawful prong” of  
 28 the UCL. *Hilderman v. Enea TekSci, Inc.*, 551 F. Supp. 2d 1183, 1197 (S.D. Cal. 2008) (citing  
*CRST Van Expedited, Inc. v. Werner Enter., Inc.*, 479 F.3d 1099, 1110 (9th Cir. 2007)).

<sup>188</sup> Dkt. 564, MSJ Ex. 22, at ¶ 42.

<sup>189</sup> Kim Decl., Ex. 53, GSI’s Response to ISSI’s Interrogatory No. 25; Dkt. 450, MSJ Order.

1 confidential, because they are tangible documents that provide the blueprint for GSI's chip.  
 2 Courts refuse to find preemption where the claim is not premised on the confidentiality of  
 3 documents, designs, or sketches the plaintiff seeks to protect. *SocialApps, LLC v. Zynga, Inc.*,  
 4 2012 WL 381216 at \*3-4 (N.D. Cal. Feb. 6, 2012) (no preemption where claims were not based  
 5 upon trade secrets); *Angelica Textile*, 220 Cal. App. 4th at 506-07 (no preemption for claim of  
 6 conversion of documents, because they were tangible property which could be converted  
 7 regardless of whether they were trade secrets).

8 Indeed, ISSI's own cases demonstrate that preemption is not appropriate. In *SunPower*  
 9 *Corp. v. SolarCity Corp.*, 2012 WL 6160472 (N.D. Cal. Dec. 11, 2012), in finding that claims for  
 10 non-trade secret misappropriation were preempted where unsupported by an *alternative legal*  
 11 *claim* to ownership, the Court noted that preemption would be inappropriate where the plaintiff  
 12 could show it owned the property under some positive law, or, where it invested time and money  
 13 to develop the property. *Id.* at \*4, \*12. Here, GSI has a legal claim to ownership outside of trade  
 14 secret law – the 576Mb Agreement.<sup>190</sup> And, GSI paid UMI to develop the non-trade secret  
 15 schematics over a period of approximately two years in total.

16 Likewise, in *Mattel Inc. v. MGA Entm't, Inc.*, 782 F. Supp. 2d 911, 996-97 (C.D. Cal.  
 17 2011), the court refused to find preemption over claims relating to the ownership of sketches for  
 18 the Bratz dolls because these sketches had value apart from being protected as confidential  
 19 information. Their value was in the fact that they depicted how to design the doll and Mattel was  
 20 able to have physical dominion over them. *Id.* That is the same value presented by the non-trade  
 21 secret schematics, which are a blueprint for the final chip.

22 In the cases cited by ISSI, the facts supporting the tort claims are indistinguishable from  
 23 the trade secret claim, and without the misappropriation, no facts existed to support a cause of  
 24 action.<sup>191</sup> Unlike these cases, GSI has pleaded substantively unique claims alleging alternative

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190 Dkt. 450, at 4-7.

26 191 See *Silvaco Data Sys.*, 184 Cal. App. 4th at 236 (common law claims recited property interests  
 27 from trade secret claim); *K.C. Multimedia, Inc. v. Bank of Am. Tech. & Ops., Inc.*, 171 Cal. App.  
 28 4th 939, 957-60 (2009) (each claim hinged on trade secret claim); *PQ Labs v. Qi*, 2012 WL  
 2061527, \*4-6 (N.D. Cal. June 7, 2012) (same identification of property in misappropriation and  
 TIPER claims); *Gabriel Techs. Corp. v. Qualcomm Inc.*, 2009 WL 3326631, at \*12 (S.D. Cal.  
 Sept. 3, 2009) (conversion claims based upon same facts as trade secret misappropriation, and,

1 grounds on which to protect its non-trade secret property.<sup>192</sup> GSI is not, as ISSI suggests,  
 2 pleading around the limitations of CUTSA. This is not a situation where GSI seeks tort relief to  
 3 the extent the Court rules GSI's trade secrets are not trade secrets. GSI does not identify, or try to  
 4 claim, the non-trade secret schematics as trade secrets. And, the Court has never ruled that any  
 5 individual schematic is or is not a trade secret.<sup>193</sup> Accordingly, the claims are not preempted.<sup>194</sup>

## 6 VI. GSI'S "UNFAIR" CLAIM SURVIVES ON THE MERITS.

7 Straining to seek summary judgment on ISSI's "unfair" UCL claim on the grounds that  
 8 GSI is entitled to no relief, ISSI fails to consider the entirety of GSI's claims. Reading GSI's  
 9 claims as a whole and considering all facts, triable issues remain.

### 10 A. Material Issues of Fact Remain as to GSI's "Unfair" Claims.

11 ISSI argues that each fact supporting GSI's "unfair" UCL claim, standing in isolation, is  
 12 insufficient to state a claim under the antitrust laws.<sup>195</sup> This is the wrong analysis. GSI does not  
 13 contend any one fact establishes a claim for unfair competition; ISSI's conduct collectively  
 14 threatens harm to competition because it was motivated by a desire to – and did – bar GSI from  
 15 the LL/RLDRAM market.<sup>196</sup>

16 ISSI tried the same tactic at the motion to dismiss stage.<sup>197</sup> The Court rejected ISSI's

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17 without trade secret allegations, complaint would not state a cause of action); *Wang v. Palo Alto*  
 18 *Networks*, 2013 WL 415615, at \*4 (N.D. Cal. Jan. 31, 2013) (breach of confidence claim based  
 19 upon disclosure of "confidential" information and pleaded in alternative, if that information was  
 not deemed a trade secret under the trade secret claim).

19<sup>192</sup> Defendants' misuse of the non-trade secret schematics supports multiple causes of action  
 20 against ISSI: conversion, TIPER, UCL, intentional interference with contract, and inducing  
 21 breach of contact. The act of conversion is an independent wrong supporting a TIPER and UCL  
 22 claim, but is not being pursued as an independent cause of action because it would not add any  
 23 non-duplicative relief available by other causes of action.

24<sup>193</sup> The Court's March 19, 2015 Order, among other things, ruled that GSI could not pursue the  
 25 entire set of approximately 700 schematics that UMI created for GSI to be a new or narrower  
 26 compilation trade secret. (Dkt. No. 415.) The Court never ruled that individual schematics from  
 27 this set could not be pursued as non-trade secrets. (*See id.*)

28<sup>194</sup> ISSI suggests that the "independent wrong" supporting GSI's claims can be only a stand-alone  
 29 claim pleaded in the SAC. Not so. "[T]he test of the adequacy of a complaint is whether it  
 30 alleges sufficient *facts* to support a particular cause of action and not whether it expressly alleges  
 31 legal theories of liability underlying a cause of action." *Smith v. v. Wells Fargo Bank, N.A.*, 135  
 32 Cal. App. 4th 1463, 1485 (2005) (would have been error to dismiss UCL claims without leave to  
 33 amend where facts supporting unlawful act were alleged, even if no independent cause of action  
 34 was alleged; plaintiff did not waive legal theories of liability by not raising them in complaint).

<sup>195</sup> Mot. at 28-30.

<sup>196</sup> Dkt. 227 at 16:7-17; Kim Decl., Ex. 54, GSI's Response to Interrogatory No. 20.

<sup>197</sup> Dkt. 206 at 22-23.

1 piecemeal approach, explaining that Defendants' conduct "smacks of antitrust-like misconduct,  
 2 although it does not meet the full requirements for a federal antitrust claim, such that it is  
 3 appropriately considered under an unfair competition claim between competitors."<sup>198</sup> That  
 4 "antitrust like" misconduct the Court observed has not disappeared. If anything, discovery has  
 5 revealed more misconduct than was alleged in the SAC.

6 Discovery established what GSI suspected in 2013: [REDACTED]

7 [REDACTED]  
 8 [REDACTED]  
 9 [REDACTED]  
 10 [REDACTED]  
 11 [REDACTED]  
 12 [REDACTED]  
 13 [REDACTED]  
 14 [REDACTED]  
 15 [REDACTED]<sup>199</sup> ISSI thus removed a key competitor, and simultaneously  
 16 ensured it could enter the market ahead of GSI. This left ISSI free to target GSI.  
 17 The Atris bid was central to keeping GSI from the LL/RLDRAM market. [REDACTED]  
 18 [REDACTED]  
 19 [REDACTED]  
 20 [REDACTED]

21<sup>198</sup> Dkt. 227 at 16:12-14.

22<sup>199</sup> See Section II.A, *supra*.

200 See Section II.B, *supra*.

201 See Kim Decl., Ex. 8, HARDEE000046-63 at 59.

202 Dkt. 564 MSJ Exs. 40-42

24 Exs. 43, 45.]

25 [REDACTED]; Kim Decl., Ex. 1, P. Lasserre DT, at 96:15-97:16, 429:9-22, Ex.  
 2 Howarth DT, at 91:14-92:12, Ex. 15, Senechal DT, at 78:12-80:3

203 Kim Decl., Ex. 12, ISSI\_0021482-97, at 90 (

26 [REDACTED] Ex. 13, ISSI\_0021338-465, at 451.]

27 *Id.*, Ex. 2, Howarth DT, at 31:13-20, Ex. 11, 4/2/15 Kalakuntla DT, at 27:5-13; 48:13-19, Ex.  
 1 4/21/15 P. Lasserre DT, at 441:21-443:1.

205 Kim Decl., Ex. 55, ISSI\_0002443-529 at 468; Ex. 46 ISSI\_0277877-78 at 77.

1 [REDACTED]  
 2 [REDACTED]  
 3 Around the same time, [REDACTED], ISSI devised a  
 4 plan to partner with GSI's design partner, UMI, and use the schematics UMI designed for GSI –  
 5 including the non-trade secret schematics – to compete against GSI. ISSI did so despite being  
 6 aware that GSI owned the schematics and UMI owed GSI an obligation not to compete.

7 ISSI argues that it did not know of the express terms of the GSI-UMI non-compete or that  
 8 it was in effect in 2012.<sup>208</sup> Not true. Section II.G reviews the substantial evidence that ISSI knew  
 9 of the Agreement and its express terms. But even if not, the unfair prong is not bound by strict  
 10 knowledge requirements, so long as ISSI intended to exclude GSI from the Atris bid and  
 11 LL/RDRAM market. As described in Section VI.A, there is no question that was ISSI's intent.

12 Worried its activities were insufficient to remove the threat of competition, ISSI tried to  
 13 eliminate GSI by making acquisition overtures.<sup>209</sup> ISSI submits self-serving declarations stating  
 14 it offered to acquire GSI for legitimate business purposes, but the timing remains suspect and an  
 15 issue of fact: especially the failure of the bids to make any reference to the elephant in the room –  
 16 Atris and Cisco, an obvious enticement for the acquisition *at that specific time*.<sup>210</sup>

17 All of this conduct, taken together, reveals an intent to exclude GSI from the  
 18 LL/RDRAM market and steal the Atris bid. This misconduct threatens competition. [REDACTED]

19 [REDACTED]  
 20 [REDACTED] ISSI already entered that market by partnering with Micron,

21<sup>206</sup> *Id.*, Ex. 16, ISSI\_0165282-83, Ex. 17, ISSI\_0165450-56, Ex. 18, ISSI 0165520-23.

22<sup>207</sup> *Id.*, Ex. 16, ISSI\_0165282-83. ISSI contends these facts cannot support GSI's claims because  
 23 they do not support an independent claim for disparagement. (Mot. at 29-30.) But, these are just  
 24 part of a pattern of behavior which "smacks of antitrust like misconduct." (Dkt 272 at 16:12-14.)  
 Moreover, ISSI's cases are not relevant, because they involve statements which are not directly  
 contrary to the facts. See *GetFugu, Inc. v. Patton Boggs LLP* 220 Cal. App. 4th 141, 156 (2013);  
*Ferlauto v. Hamsher* 74 Cal. App. 4th 1394, 1404 (1999). [REDACTED]

25 Mot. at 28:25-29:5.

26<sup>209</sup> Dkt. 560-53, Howarth Decl., Exs. B & C.

27<sup>210</sup> *Id.* at ¶4.

28<sup>211</sup> Kim Decl., Ex. 55, ISSI\_0002443-529 at 68 ( [REDACTED]),  
 Ex. 12, ISSI\_0021482-97 at 90 ([REDACTED]), Ex. 13,  
 ISSI\_0021338-465 at 451 ([REDACTED])

1 simultaneously removing a competitor. By snatching the bid from GSI, ISSI was able to delay  
 2 GSI's entry into the LL/RLDRAM Market. This, even though ISSI's products are inferior. ■■■■■

3 ■■■■■<sup>2</sup> Triable  
 4 issues exists as to whether there is an imminent harm to competition.

5       **B. An Antitrust Violation Is Not Required to Establish “Unfair” Competition.**

6       ISSI also argues GSI cannot sustain a claim under the “unfair” prong because the Court  
 7 previously dismissed GSI’s antitrust claims.<sup>213</sup> But, the Court already rejected this argument at  
 8 the dismissal stage, allowing GSI’s “unfair” claims to proceed, “the conduct alleged constitutes  
 9 precisely the type of behavior that the UCL was aimed at: a scheme of sufficient originality that it  
 10 may not be precisely illegal under a standard theory of liability.”<sup>214</sup>

11       The UCL is “sweeping, embracing ‘anything that can properly be called a business  
 12 practice and that at the same time is forbidden by law.’” *Cel-Tech Comms., Inc. v. Los Angeles*  
 13 *Cellular Tel. Co.*, 20 Cal. 4th 163, 180 (1999). It is intended to reach unfair and unlawful  
 14 practices that may not fall within the precise contours of existing torts and statutory violations.  
 15 *Id.* at 181. ISSI’s cases do not suggest otherwise. *Corsini v. Canyon Equity*, 2011 U.S. Dist.  
 16 LEXIS 54872, at \*15 (N.D. Cal. May 23, 2011), concerned a claim under the “unlawful” prong –  
 17 not the “unfair” prong. In *TYR Sport, Inc. v. Warnaco Swimwear, Inc.*, 709 F. Supp. 2d 821, 838  
 18 (C.D. Cal. 2010), the court dismissed the UCL claims, stating without analysis that they were  
 19 based on the same facts as the failed Sherman and Cartwright Act claims. Here, however, the  
 20 Court already determined that the claims survived dismissal as an original scheme.<sup>215</sup>  
 21 Accordingly, the dismissal of separate antitrust claims is not grounds for summary judgment.

22       **C. GSI’s “Unfair” Claim is Capable of Remediation.**

23       In a last-ditch effort to eliminate GSI’s UCL claim, ISSI contends there is no remedy

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25       ■■■■■; Ex. 22, 4/3/15 ISSI DT, at 131:13-132:4, Ex. 46,  
 26 ISSI\_0277877-78 at 77.

27       <sup>212</sup> *Id.*, Ex. 16, ISSI\_0165282-83, Ex. 17, ISSI\_0165450-56, Ex. 18, ISSI\_0165520-23.

28       <sup>213</sup> Mot. at 29:6-9.

29       <sup>214</sup> Dkt. 227 at 16:10-12.

30       <sup>215</sup> Dkt. 227 at 16:7-17.

1 available to GSI for violations of the “unfair” prong, “because there is nothing to enjoin.”<sup>216</sup> This  
 2 is incorrect. [REDACTED]  
 3 [REDACTED]  
 4 [REDACTED] This conduct can, and should, be enjoined by an

5 order requiring ISSI to cease working with UMI and return GSI’s property.

6 ISSI contends an injunction is not warranted because the non-compete is unenforceable,  
 7 and expired, but ISSI is incorrect. As described more fully in GSI’s summary judgment motion  
 8 against UMI, the non-compete provision is valid under Colorado law.<sup>217</sup> California courts  
 9 recognize the same trade secret exception as Colorado. *See Bank of Am. v. Lee*, 2008 WL  
 10 4351348, at \*5 (C.D. Cal. 2008); *Applied Mats., Inc. v. Advanced Micro-Fabrication Equip.*  
 11 (*Shanghai*) Co., 630 F.Supp.2d 1084, 1090 n.7 (N.D. Cal. 2009). ISSI ignores this exception in  
 12 its brief. But, in the regular course of business, ISSI takes advantage of this exception to include  
 13 non-competes in its own design and licensing agreements, governed by California law.<sup>218</sup>

14 Moreover, it is significant that GSI is not seeking to enforce a non-compete within  
 15 California: GSI seeks to enforce a valid non-compete under Colorado, a state where such non-  
 16 competes are valid. The only relief against ISSI is indirect – asking that ISSI cease assisting that  
 17 Colorado company with breaching the non-compete in Colorado. ISSI chose to go to Colorado  
 18 and engage in conduct in Colorado which induced UMI to breach its non-compete agreement. It  
 19 cannot violate California policy to enforce the laws of California, which prohibit ISSI from  
 20 interfering with a contract which is valid and lawful under the law selected by the parties.

21 Further, ISSI is incorrect that an injunction cannot extend the non-compete. “[A] court  
 22 has equitable powers to enjoin defendants for a time beyond the expiration of covenants not to  
 23 compete to effectuate relief for the time they violated the covenants.” *Lamb-Weston, Inc. v.*

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24<sup>216</sup> It is unclear whether ISSI limits this argument to the claims under the “unfair” prong, or  
 25 Section 17200 as a whole. Regardless, GSI is entitled to injunctive relief for either claim.

26<sup>217</sup> Dkt. 566, at 17:13-20:3; *see also Energex Enters., Inc. v. Anthony Doors, Inc.*, 250 F. Supp. 2d  
 1278, 1281-83 (D. Colo. 2003); Dkt. 176 at 13 (applying Colorado’s trade secret exception to  
 non-compete). To the extent the result would be different under California law, the Colorado  
 choice of law provision in the Agreement governs. Dkt. 566 at 28, n. 155.

27<sup>218</sup> Kim Decl., Ex. 1, P. Lasserre DT, at 267:3-268:13; *see also* Ex. 5, UMI\_0012863-68 at 64  
 28 (Section 1.2, including non-compete), Ex. 6, ISSI\_0512506-16 at §9(1), Ex. 7, ISSI\_0512651-65  
 at §10.6.

1      *McCain Foods, Ltd.*, 941 F.2d 970, 975 (9th Cir. 1991) (citing *Premier Indus. Corp. v. Tex.*  
 2      *Indus. Fastener Co.*, 450 F.2d 444, 448 (5th Cir. 1971)); *see also Pro Edge L.P. v. Gue*, 411 F.  
 3      Supp. 2d 1080, 1092 (N.D. Iowa 2006) (noting equity demands that those who breach covenants  
 4      are not rewarded, and extending non-compete); *JTH Tax, Inc. v. Noor*, 2012 WL 4473252, \*4-5  
 5      (E.D. Va. Sept. 26, 2012) (extending non-compete). It would be inequitable for ISSI and UMI to  
 6      evade the scope of the non-compete because this litigation extended beyond its term.

7      To the extent ISSI contends no injunction is necessary because ISSI voluntarily stopped  
 8      disparaging GSI, this Court need not assume that ISSI's conduct would not resume post-litigation,  
 9      when the Court is no longer watching. *See Already, LLC v. Nike, Inc.*, — U.S. —, 133 S.Ct. 721,  
 10     727 (2013). ISSI fails to show that its conduct would not resume. Rather,

11     [REDACTED]  
 12     [REDACTED]  
 13     [REDACTED]  
 14     [REDACTED].<sup>220</sup>

15     Thus, while ISSI has taken steps to improve its litigation position, it has no intention of competing  
 16     fairly. An injunction would thus be proper.

## 17     **VII. ISSI CANNOT PREVAIL ON ITS ESTOPPEL DEFENSE.**

18     ISSI is not entitled to summary judgment on this defense because the facts show that ISSI  
 19     knew of its misappropriation before GSI. The essential ingredients of estoppel are (1) the party to  
 20     be estopped must be apprised of the facts; (2) it must intend that its conduct be acted upon; (3) the  
 21     other party must be ignorant of the true state of facts; and (4) the other party must rely on the  
 22     conduct to its injury. *Longshore v. Cnty. of Ventura*, 25 Cal. 3d 14, 28 (1979). The party seeking  
 23     to assert estoppel must prove all of the necessary elements by clear and convincing evidence. *In*  
 24     *re Marriage of Brinkman*, 111 Cal. App. 4th 1281(2003). Estoppel is a fact question to be  
 25     determined by the trial court in accordance with applicable law. *DRG/Beverly Hills, Ltd. v.*  
 26     *Chopstix Dim Sum Cafe & Takeout III, Ltd.*, 30 Cal. App. 4th 54, 61 (1994); *see Driscoll v. City*

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27     <sup>219</sup> See Sections II.C & D, *supra*.

28     <sup>220</sup> Dkt. 564, MSJ Ex. 22, at ¶¶ 57-58, 70-71; Kim Decl., Ex. 43, ISSI\_0156044.

1 *of Los Angeles*, 67 Cal. 2d 297, 305 (1967).

2       **A.     GSI Learned of ISSI's Misconduct Only After Commencing Litigation.**

3       Equitable estoppel requires a showing of actual, not imputed or constructive, knowledge.  
 4       *Meyer v. Glenmoor Homes, Inc.*, 246 Cal. App. 2d 242, 264 (1966). The party to be estopped  
 5 must have been fully advised of the facts. *Interinsurance Exch. v. Velji*, 44 Cal. App. 3d 310, 319  
 6 (1975). ISSI claims that GSI knew of ISSI's intentions in mid-to-late 2012. This is untrue. No  
 7 evidence exists that GSI actually knew that ISSI and UMI were working together in 2012.<sup>221</sup>  
 8 [REDACTED]  
 9 [REDACTED]  
 10 [REDACTED]  
 11 [REDACTED]

12 [REDACTED] – GSI did not learn of the transfer until after the fact.<sup>224</sup>

13       **B.     GSI Had No Duty to Inform ISSI.**

14       When estoppel is based on silence or a failure to disclose a material fact, the party alleging  
 15 estoppel must show that a duty to disclose the fact existed. *Moore v. State Bd. of Control*, 112  
 16 Cal. App. 4th 371, 385 (2003). This requires “a showing of special circumstances, such as a  
 17 confidential or fiduciary relationship or an undertaking to provide advice by one who claims to be  
 18 informed and knowledgeable in the matter.” *Id.* ISSI has failed to establish that GSI had any  
 19 duty to disclose. ISSI states, without any legal support, that GSI assumed such a duty because its  
 20 contract with UMI included a provision prohibiting UMI from disclosing the nature of its  
 21 relationship with GSI in a press release. This provision does not create a confidential or fiduciary  
 22 relationship between GSI and ISSI – competitors – nor a duty on GSI’s part. Courts are hesitant  
 23 to read a fiduciary duty in where none is expressly provided. *See, e.g., River Colony Estates*  
 24 *Gen. P’ship v. Bayview Fin. Trading*, 287 F. Supp. 2d 1213, 1224 (S.D. Cal. 2003) (applying

25 \_\_\_\_\_  
 26 <sup>221</sup> Dkt. 624-1, Ex. Q.

27 <sup>222</sup> Kim Decl., Ex. 56, 4/23/15 Didier Lasserre DT, at 45:8-19; Ex. 57, 5/31/13 Lasserre DT, at  
 28 90:7-25, Ex. 15, Senechal DT, at 23:21-24:22; Ex. 58, GSI10544593-97 at 93.

<sup>223</sup> *Id.*, Ex. 59, GSI10568114-116; Ex. 56, 4/23/15 Didier Lasserre DT, at 14:16-16:2; Ex. 57,  
 5/31/13 Didier Lasserre DT, at 77:5-25, 95:5-25, 96:20-97:16; Dkt. 624-1, Ex. Q.

<sup>224</sup> Dkt. 564, MSJ Ex. 75; Kim Decl., Ex 56, 4/23/15 Didier Lasserre DT, at 14:16-16:2.

1 California law). Moreover, notwithstanding the provision, UMI informed ISSI of its “conflict.”  
 2 ISSI hinges its estoppel argument on the purported “damning admission” of GSI’s CEO,  
 3 Lee-Lean Shu.<sup>225</sup> However, the only “damning” thing about the “admission” is ISSI’s failure to  
 4 provide the proper context of the quotation. Mr. Shu testified that GSI was not certain ISSI was  
 5 involved with Atris, had no idea a contract existed (or was contemplated) between UMI and ISSI,  
 6 and desired to remedy the situation by approaching GSI’s former design partner, UMI, rather than  
 7 the company making hostile acquisition bids.<sup>226</sup>

### 8           C.     **ISSI Knew the Relevant Facts and Did Not Rely to its Detriment.**

9           Equitable estoppel requires that the party asserting estoppel be ignorant of material facts  
 10 which the other party misrepresented or concealed. The ignorance of the party asserting equitable  
 11 estoppel must be both actual and permissible. *Life v. Los Angeles Cnty.*, 227 Cal. App. 3d 894,  
 12 902 (1991). Evidence must show that the party asserting estoppel not only lacked actual  
 13 knowledge of the facts, but that he did not have notice of the facts sufficient to put a reasonably  
 14 prudent person on inquiry. *Cole v. City of Los Angeles*, 187 Cal. App. 3d 1369, 1374 (1986).

15           ISSI cannot meet this burden. As described in Section II.G, the evidence shows that ISSI  
 16 had *actual* knowledge of the facts and its wrongdoing before GSI did. ISSI learned of the  
 17 contract terms no later than January 2013,<sup>227</sup> and of the lawsuit in March 2013,<sup>228</sup> whereas GSI  
 18 did not confirm ISSI’s misconduct until discovery commenced.

19           Further, a party asserting equitable estoppel must also change its position in reliance on  
 20 something said or done by the other party. *Traders & Gen. Ins. Co. v. Pac. Emp’rs Ins. Co.*, 130  
 21 Cal. App. 2d 158, 164 (1955). ISSI did not rely on GSI’s silence to its detriment. As described  
 22 in Section II.G, ISSI received the last block of schematics and completed its transaction with UMI  
 23 with full knowledge of GSI’s claims.

### 24           D.     **Summary Judgment Is Justified In GSI’s Favor on ISSI’s Estoppel Defense.**

25           A party may cross-move for summary judgment on an affirmative defense.<sup>229</sup> As shown

26           <sup>225</sup> Motion at 14, 33.

27           <sup>226</sup> Dkt. 560-19 at 104:1-107:10.

28           <sup>227</sup> Kim Decl., Ex. 8, HARDEE000046-63 at 46.

<sup>228</sup> Dkt. 564, MSJ Ex. 75.

<sup>229</sup> See, e.g., *Negrete v. Allianz Life Ins. Co. of N. Am.*, 287 F.R.D. 590, 594 (C.D. Cal. 2014)

1 above, (1) ISSI was aware of the non-compete before GSI knew ISSI and UMI were working  
 2 together; (2) with full knowledge of GSI's claims, ISSI completed its transaction with UMI; and  
 3 (3) as a matter of law, GSI had no fiduciary or other special relationship with ISSI, a competitor,  
 4 giving rise to a duty to inform. As such, GSI requests that this Court grant summary judgment in  
 5 its favor on ISSI's estoppel defense.

6 **VIII. CONCLUSION.**

7 GSI respectfully requests that the Court deny ISSI's motion for summary judgment in its  
 8 entirety. Further, to the extent Court is inclined to grant ISSI's motion for summary judgment,  
 9 GSI asks that the Court, pursuant to Federal Rule of Civil Procedure 56(d), defer considering the  
 10 motion or deny it with regard to information GSI expects to discover from a properly prepared  
 11 ISSI 30(b)(6) witness on topics such as ISSI's use of GSI's schematics, the Atris redesign, ISSI's  
 12 current Atris design, and ISSI's knowledge of the GSI-UMI non-compete agreement and  
 13 ownership provision. Pursuant to this Court's Order, an additional ISSI 30(b)(6) deposition will  
 14 occur shortly on these topics.<sup>230</sup> Finally, GSI requests that the Court enter summary judgment in  
 15 its favor on ISSI's equitable estoppel defense.

16 Dated: June 19, 2015

DLA PIPER LLP (US)

17 By /s/ Brooke Killian Kim

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22  
 23  
 24 (denying summary judgment motion and granting cross-motion for summary judgment on an  
 25 affirmative defense); *Campbell v. PricewaterhouseCoopers, LLP*, 2009 WL 594998, at \*1 (E.D.  
 26 Cal. Mar. 5, 2009) (noting that plaintiffs filed a summary judgment motion on an affirmative  
 defense in September 2008 and the defendant filed a cross-motion for summary judgment on the  
 same affirmative defense in October 2008).

27 <sup>230</sup> On June 11, 2015, ISSI offered to produce Paul Song (one of its 30(b)(6) designees) on June  
 28 16th or 17th. However, the timeframe was unworkable due the present briefing schedule, GSI's  
 motion for leave to file an amended complaint, and the need to oppose UMI's motion to  
 reconsider the Court's June 11 Order to produce the Hardee Document.